

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK  
U.S. DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK  
LONG ISLAND OFFICE

3/16/2016

1 CANON U.S.A. INC.,

2 Plaintiff,

3 v.

4 F &amp; E TRADING LLC et al.,

5 Defendants.

Docket 15-cv-06015-DRH-AYS

United States Courthouse  
Central Islip, New YorkFebruary 25, 2016  
10:38:51 am - 10:58:25 am

6  
7 TRANSCRIPT FOR CIVIL CAUSE  
8 - INITIAL CONFERENCE -  
9 BEFORE THE HONORABLE ANNE Y. SHIELDS  
10 UNITED STATES MAGISTRATE-JUDGE

## 11 A P P E A R A N C E S :

12 For Plaintiff: DAI WAI CHIN FEMAN, ESQ.

13 Dorsey & Whitney LLP  
51 West 52<sup>nd</sup> Street  
New York, New York 10019-6119  
(212) 415-9345; (646) 607-5913 fax  
chinfeman.daiwai@dorsey.com

14 For Plaintiff: BRUCE R. M. EWING, ESQ.

15 Dorsey & Whitney LLP  
51 West 52<sup>nd</sup> Street  
New York, New York 10019-6119  
(212) 415-9206; (212) 953-7201 fax  
ewing.bruce@dorsey.com

16 For Defendants: STEVEN ERIC FRANKEL, ESQ.

17 Goldberg & Rimberg PLLC  
115 Broadway, Suite 302  
New York, New York 10006  
(212) 697-3250; (212) 227-4533 fax  
sfrankel@grlawpllc.com

18 Transcriber: AA Express Transcripts

19 195 Willoughby Avenue, Suite 1514  
Brooklyn, New York 11205  
(888) 456-9716; (888) 677-6131 fax  
aaexpress@court-transcripts.net20  
21 (Proceedings recorded by electronic sound recording)

22

23

24

25

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

2

4 MR. FEMAN: Dai Wai Chin Feman, Dorsey & Whitney, for  
5 the Plaintiff, Cannon U.S.A.. And I'm here with my colleague,  
6 Bruce Ewing.

7 THE COURT: Good morning.

8 MR. EWING: Good morning.

9 MR. FRANKEL: Good morning. Steven Frankel, from  
10 Goldberg & Rimberg, PLLC, for the Defendants.

11 THE COURT: Good morning.

12 MR. FRANKEL: Good morning.

16 MR. FEMAN: Yes.

17 THE COURT: Okay. And I think there's an issue as to  
18 the individual Defendant, right?

19 MR. FEMAN: Correct. The individual has moved to  
20 dismiss, and we filed an opposition brief.

21 THE COURT: Okay. And that's not yet fully briefed,  
22 and that's before Judge Hurley, right?

23 MR. FRANKEL: That's correct, Your Honor.

24 THE COURT: Okay. So, that's where you are. But you  
25 can still move on with the case. The Plaintiff is alleging that

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

3

1 these are gray market goods?

2 MR. FEMAN: That's correct.

3 THE COURT: And is there an allegation that these  
4 goods are counterfeit? Or in some way not what they're supposed  
5 to be?

6 MR. FEMAN: There are allegations that the goods are  
7 materially different in various regards.

8 THE COURT: Okay. And is this still going on?

9 MR. FEMAN: To Canon's knowledge, it is.

10 THE COURT: Okay. How about Defendants? It's still  
11 going on?

12 MR. FRANKEL: My understanding is that the Defendants  
13 are still selling the gray market goods. There is a debate as  
14 to how many of the goods, or what amount of goods may actually  
15 have any kind of differences, or whether those differences are  
16 material. And there's also an issue about the disclaimers that  
17 the Defendants have on their websites and points of sale where  
18 they're selling the goods basically letting the consumers know  
19 exactly what it is that they're buying. Consumers know that  
20 they're buying imports. They don't think they're buying  
21 products --

22 THE COURT: Right. They know they're buying imports,  
23 but it would be your position that they're buying goods that are  
24 the same, right?

25 MR. FRANKEL: The same --

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

4

1 THE COURT: You're not warranting against something  
2 being counterfeit or --

3 MR. FRANKEL: Correct. They're not --

4 THE COURT: -- somehow not up to what Canon says it  
5 is?

6 MR. FRANKEL: Correct. They're not counterfeit;  
7 they're Canon products.

8                   THE COURT: Right. And it's your position that these  
9 goods are the exact goods as what Canon sells here; they just  
10 come from another source.

11 MR. FRANKEL: Correct. And if there are any  
12 differences, any minor differences, or whatever differences,  
13 those are disclaimed at the point of sale, so the consumer knows  
14 what they're buying.

15 THE COURT: Well, I guess that's what the issue is,  
16 right?

17 MR. FRANKEL: Correct.

22 | MR. FEMAN: That's our position, yes.

23 THE COURT: Okay.

24 MR. FRANKEL: That's one of the issues, Your Honor.

25 THE COURT: It's a big one, right?

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

5

1 MR. FRANKEL: That's certainly a major issue, Your  
2 Honor.

3 THE COURT: Okay. All right. So, I'm looking at your  
4 discovery worksheet, and we've got Plaintiff's proposal and  
5 Defendant's proposal? Is that right? Yeah, that's what it  
6 looks like. So the Plaintiff's proposal are those dates in  
7 court with the deadlines that I suggested?

8 MR. FEMAN: That's correct. We worked off their  
9 presumptive dates.

10 THE COURT: Okay. So I see that the Defendant needs a  
11 lot more time. Everybody's agreeing on Rule 26, right? And  
12 that's March 10. What do you see as a Rule 26? That's really  
13 not that complicated, right?

14 MR. FEMAN: Just standard and initial disclosures.

15 THE COURT: Right. You're identifying what this is,  
16 right? Other than that, I think you know each other's claims.

17 MR. FRANKEL: Right.

18 THE COURT: So March 10 is --

19 MR. FRANKEL: We don't have any issue with that one,  
20 Your Honor.

21 THE COURT: Well, you shouldn't. It's more than I  
22 usually give. So that's okay. Okay. Phase I discovery. What  
23 are we talking about? Let me ask the Plaintiff what you have in  
24 mind for part of Phase I. What would you produce? What would  
25 you ask for?

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

6

1                   MR. FEMAN: So, we would produce the evidence we  
2 currently have of the Defendants infringing sales. Because  
3 that's readily available.

4                   THE COURT: Is that an actual product?

5                   MR. FEMAN: Correct. We have actual specimens.

6                   THE COURT: Okay. That's good. So give those over so  
7 you can both take a look at that. What else?

8                   MR. FEMAN: And from our perspective, that's all we  
9 would produce that's readily available in Phase I. From  
10 Defendants we request data on what models of gray market cameras  
11 they're selling, and what their sales figures are for those  
12 models over the past --

13                  THE COURT: Stop for a second. Let's talk about what  
14 exactly the products are that are our issue. Is it all cameras?  
15 Is it copiers? Let's be clear what we're talking about.

16                  MR. FEMAN: As far as we know right now, it's limited  
17 to cameras and camera-related equipment.

18                  THE COURT: And let me ask the Defendant, are those  
19 the only Canon products that you are selling? Distributing? Is  
20 it just cameras?

21                  MR. FRANKEL: I honestly don't know, Your Honor. I  
22 believe this case is limited to the cameras.

23                  THE COURT: Okay. So you're going to have to find  
24 that out --

25                  MR. FRANKEL: Okay.

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

7

1 THE COURT: -- as far as Phase I.

2 MR. FRANKEL: Find out if my client is selling Canon  
3 products other than cameras?

4 THE COURT: Well, anything with Canon's name on it --

5 MR. FRANKEL: Okay.

6 THE COURT: -- you will have to disclose to the other  
7 side.

8 MR. FRANKEL: Okay.

9 THE COURT: What's the statute? How far do we go back  
10 in this case?

11 MR. FEMAN: There's no state of limitations. So, we  
12 want to go back presumptively at least five years, depending on  
13 how long these sales have been going on.

14 THE COURT: Okay. That's fine. So, the Defendant  
15 would have to produce something showing which products with the  
16 Canon name have been sold by the Defendants in the last five  
17 years. Does the Plaintiff have the information that's on the  
18 Defendant's website? I mean do you see that? Because you want  
19 to see how these are represented, right?

20 MR. FEMAN: Correct. We have evidence from the  
21 website already. We know that Canon's trademark is portrayed on  
22 the Defendant's website, although it's altered in a certain way  
23 so as not to be the same, an accurate representation of the  
24 trademark. But, yes, we do have website records.

25 THE COURT: They're using your name anyway.

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

3

1 MR. FEMAN: Correct.

2 THE COURT: So, it's clear to anyone that they're  
3 using the Canon name and they are distributing or selling  
4 products that they say are Canon products, right?

5 MR. FRANKEL: Correct, Your Honor. And I don't  
6 believe there's an issue of whether they are Canon products. I  
7 don't believe the Plaintiffs are taking the opposite position.

8 THE COURT: Again, that's the issue.

9 MR. FEMAN: Correct. It's that the Defendants aren't  
10 authorized resellers of Canon products, and they're selling  
11 products that are materially different from those that are  
12 legitimately and genuinely sold in the United States.

13 THE COURT: Okay. Now, when you say they're not  
14 authorized resellers, do you have documents that show what an  
15 authorized reseller is? You know agreements that you might  
16 enter into? People who you think are legitimate reseller?

23                   THE COURT: Let me ask the Defendant. Is there any  
24 allegation that your clients are authorized Canon resellers as  
25 described by the Plaintiff?

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

9

1 MR. FRANKEL: No, there's no allegation that we are  
2 authorized. You know, as a matter of the first-sale doctrine --

3 THE COURT: Right. You're just saying that --

4 MR. FRANKEL: we're still permitted to sell it.

5 THE COURT: -- that you're selling something that's  
6 authentic.

7 MR. FRANKEL: Correct.

8 THE COURT: Okay. All right. So, I think that the  
9 Plaintiff has evidence of the actual product, and you're going  
10 to give that product to the Defendant to take a look at. And I  
11 guess the Defendant, if you have any products or anything that  
12 shows that it is authentic, that's what you have to talk to each  
13 other about.

14 MR. FRANKEL: We'll talk about -- we'll figure out how  
15 that makes sense.

16 THE COURT: Right. And then I think the Plaintiff  
17 should let the Defendant know, and I would make this as part of  
18 Rule 26 disclosure, and if you need until March 25 to do this,  
19 that's fine with me. What I would like you to do is put a  
20 statement together saying why those products are not authentic.  
21 So, I know you have certain things in the complaint saying you  
22 know that they're mismarked or something, but I'd like you to be  
23 specific so that the Defendant knows what you're talking about.

24 MR. FEMAN: Sure.

25 THE COURT: All right? And if you could link that up

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

10

1 to a physical product, I think that would be helpful. Is there  
2 anything that the Defendant would like from the Plaintiff as far  
3 as Phase I that you can identify right now?

4 MR. FRANKEL: Your Honor, at this point, I'm not sure  
5 what will be in Phase I and Phase II in terms of that. And,  
6 frankly I'm --

7 THE COURT: Well, if you had a wish list of what you  
8 wanted to ask them for today, what would be on that?

9 MR. FRANKEL: Well, certainly one of the things that  
10 we want is -- one of our defenses here -- well, there are  
11 several defenses. One of them is consumer confusion. So, we're  
12 going to want -- I'm not sure necessarily if it's going to be  
13 from the Plaintiffs or from third parties, but in terms of being  
14 able to show that there's no actual consumer confusion here, or  
15 for them to prove that there is consumer confusion here, that's  
16 certainly a major issue.

17 THE COURT: I think that might go to a later expert  
18 discovery situation, right?

19 MR. FRANKEL: That certainly will -- I agree, that  
20 probably will be part of the expert discovery. But there will  
21 be certainly fact discovery that is needed to be able to get to  
22 that expert discovery.

23 THE COURT: And that's confusion as to what's on your  
24 website? You know, your disclaimer?

25 MR. FRANKEL: Or whether consumers are confused as to

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

11

1 what they're actually purchasing.

2 THE COURT: Okay.

3 MR. FRANKEL: But that is a defense, whether consumers  
4 have any confusion as to what they're purchasing. My  
5 understanding is that's the reason for --

6 THE COURT: So, in that, what I think you should  
7 produce at this point is -- I know you said you have a  
8 disclaimer on your website. If you include any disclaimers with  
9 the product when you ship it, you should give the Plaintiffs  
10 that as well. What about complaints? Do they make complaints  
11 about products? Saying that there's something wrong with the  
12 Canon products? Do you have anything like that

13 MR. FRANKEL: I believe if there were any, there would  
14 be feedback on the eBay websites about my clients. Either eBay  
15 or Amazon. I'm not aware. I would need to check, but I'm not  
16 aware of complaints.

17 THE COURT: All right. Well, that raising an  
18 interesting issue now that you said eBay. What about electronic  
19 discovery in the case?

20 MR. FRANKEL: We've discussed that we're going to be  
21 putting together a protocol for electronic discovery.

22 THE COURT: Okay. Okay. Good. As long as you're  
23 handling that.

24 MR. FRANKEL: We're in discussions of that already,  
25 and I think we're largely in agreement as to how we're going to

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

12

1 be able to pull that together.

2 MR. FEMAN: We don't see any issues on the format  
3 production.

4 THE COURT: Okay, good. All right. Back to the  
5 Plaintiff. Anything else you want to identify right now?

6 MR. FEMAN: One thing I might add is that we'd like in  
7 Phase I for the Defendant to identify all DBAs through which  
8 it's selling Canon products. We've identified several DBAs in  
9 the complaint, but we're not sure what else is out there. And  
10 in Defendant's answer, they've said that they do business online  
11 through various affiliated entities and DBAs.

12 THE COURT: So, you would want any DBA that is also  
13 selling Canon products that you have not so far named?

14 MR. FEMAN: Correct. And we'd ask that the sales  
15 figures for the Canon models and revenue that we previously  
16 discussed, we'd ask that that be listed for all the DBAs as  
17 well.

18 THE COURT: Okay. I think identification of the DBAs  
19 is something that the Defendants should do at this point just to  
20 make sure that they have the right people.

21 MR. FRANKEL: I'm sorry. That's as part of Phase I?  
22 Or in the initial disclosures?

23 THE COURT: Of Phase I.

24 MR. FEMAN: And that's it from Plaintiff's perspective  
25 for Phase I.

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

13

1 THE COURT: Okay. Is that it?

2 MR. FRANKEL: Again, I'm not sure whether this goes to  
3 Phase I or Phase II, Your Honor, but --

4 THE COURT: We're only talking about Phase I.

5 MR. FRANKEL: No, I understand. There's discovery  
6 that we'd want, and I'm not positive which one it falls into.

7 THE COURT: Okay. Go ahead.

8 MR. FRANKEL: But certainly parts of our defense is  
9 our waiver and estoppel and acquiesce by the Plaintiffs. And  
10 from our understanding, Canon has known about this for years.  
11 They know that gray markets are sold in the United States. They  
12 know actually that some of their own authorized resellers are  
13 selling gray market goods in the United States. And they don't,  
14 as far as we know, take action to stop that. For some reason  
15 they're singling us out now years after knowing about this and  
16 now they're racketing up damages purportedly and suing us at  
17 this point. So we believe that that's a very strong here, and  
18 we want discovery from the Plaintiffs themselves and from these  
19 authorized resellers that they're acquiescing to and agreeing to  
20 have selling that way. As well as -- and this will, I'm sure,  
21 be a Phase II point, so may I should hold off.

22 THE COURT: No, finish discussing it.

23 MR. FRANKEL: Go on with it? How this may impact on  
24 foreign discovery as well, because Canon U.S.A., as they allege  
25 in their complaint, is really just the U.S. licensee of Canon

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

14

1 products from Canon, Inc., which is a Japanese company. So  
2 Canon, Inc. is actually the manufacturer here. And so if Canon,  
3 Inc. is acquiescing or agreeing, or knows about this also, and  
4 they're selling it to foreign distributors with the knowledge  
5 that the foreign distributors are going to be selling the goods  
6 to the United States through venues such as my client, then  
7 that's also a defense. So we would want potentially to be able  
8 to get discovery from them as well for those kinds of defenses.

9 THE COURT: I think you'd be entitled, at least in  
10 Phase I, to find out how long they've known about your clients.  
11 So you know documents showing how long the Plaintiff has known  
12 that these people have been selling Canon goods. I'm not going  
13 to ask you to look at everything, all sales from everybody else,  
14 but your knowledge as to these Defendants.

15 MR. FEMAN: Do you mean all Canon goods? Or all Canon  
16 goods where we have evidence that they are materially different  
17 from genuine Canon goods?

18 THE COURT: Well, certainly all Canon goods forming  
19 the basis of this complaint. So cameras.

20 MR. FEMAN: Okay. And if I may respond briefly to his  
21 point about foreign discovery?

22 THE COURT: Yes.

23 MR. FEMAN: I think part of the reason there is a  
24 discrepancy between the dates and Plaintiff's proposal and  
25 Defendant's proposal, we've agreed to disagree in our conference

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16 15

1 calls prior to today about the scope of discovery. But from the  
2 Plaintiff's perspective, we don't see the need for any foreign  
3 discovery, or really any third party discovery unless unforeseen  
4 issues arise later in the case. From our perspective, this case  
5 is about whether the products that the Defendants are selling  
6 are materially different from those that are genuinely sold in  
7 the United States.

8 THE COURT: I think that is the critical issue, right?  
9 That's the critical issue on your trademark question.

10 MR. FEMAN: Correct. So to the extent that they might  
11 want discovery from anyone in another country or Canon, Inc., we  
12 don't think that's relevant.

13 THE COURT: I think you can hold off on that  
14 certainly. Right? And kind of focus on the products at issue  
15 here.

16 MR. FRANKEL: I certainly agree, Your Honor. For  
17 Phase I that makes sense. But for Phase II, again we're talking  
18 about our defenses here. I understand that the Plaintiff would  
19 rather not focus on it, but for our defenses of acquiesces and  
20 estoppel, etcetera; the knowledge of Canon, not just Canon  
21 U.S.A., but Canon, Inc., who's the actual manufacturer here,  
22 it's certainly relevant. And again, that may take more time  
23 than just focusing on what they would obviously like to focus  
24 on, which are their claims.

25 MR. FEMAN: And from Plaintiff's perspective, Canon,

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

16

1 Inc. is a Japanese company. While Canon U.S.A. is a U.S.  
2 subsidiary. They're separate companies. Canon U.S.A. doesn't  
3 have possession, custody or control over Canon, Inc. documents.  
4 I think it's pretty well established under corporate law in the  
5 U.S. that these are separate entities, and you can't treat them  
6 as one in the same. So to somehow attribute some sort of  
7 knowledge that Canon, Inc. may have to Canon U.S.A., we think  
8 would be inappropriate and wouldn't warrant any discovery.

9 THE COURT: All right. Why don't we do this. Why  
10 don't you wait until Canon, the Plaintiff's deposition is taken,  
11 because that will give the Defendant a little bit more time to  
12 flush out the issues of the corporations and how they're  
13 related, and whether or not Canon in Japan has information and  
14 should be deposed, or should give information, or should  
15 participate in discovery of the action.

16 MR. FEMAN: Okay. Just to note for the record, Canon  
17 Inc. doesn't have a presence in the U.S. So to take Canon,  
18 Inc.'s deposition would require --

19 THE COURT: No, I'm talking about taken the  
20 Plaintiff's deposition.

21 MR. FEMAN: Correct. Ultimately though I thought you  
22 mentioned.

23 THE COURT: No, ultimately, but, that's down the road.

24 MR. FEMAN: Sure.

25 THE COURT: Okay.

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

17

1 MR. FRANKEL: Right. But again, Your Honor, that's  
2 why we were requesting more time, so we're not squeezed into a  
3 situation where --

4 THE COURT: No, that's okay. If that comes up, you'll  
5 have more time later. I'm just trying to get the ball rolling  
6 here.

7 MR. FRANKEL: Okay. No, that's fine. Again, that's  
8 why we were thinking of dates somewhat further out than Your  
9 Honor was proposing.

10 THE COURT: Let's do this. Okay? What I'm going to  
11 do is, is I'm going to enter the dates on Plaintiff's proposal.  
12 I'm certainly open to extending that if this is much bigger than  
13 we see. But what I'd like to do is go by this schedule now; see  
14 where the case goes; and if you need more time, certainly you  
15 can ask for it. All right?

16 MR. FRANKEL: Okay.

17 THE COURT: But let's take the depositions you know of  
18 the people who are here; get the documents here; and see where  
19 the case goes from there.

20 MR. FRANKEL: Okay.

21 THE COURT: Okay? I am not going to put down a status  
22 conference right now because there may actually be new parties  
23 in this case once the Defendant identifies if there are any  
24 other DBAs. You might be adding people. I'm not going to put  
25 down a conference right now. I'd like you to go by this

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

18

1 schedule. And I'm going to give you -- let's see. What I'd  
2 like to do, is I'd like to see you in June, okay? Because at  
3 that point, you'll have the new parties, you'll have your  
4 initial request in, in any case, for production of documents and  
5 interrogatories. Because that's May. You'll have responded to  
6 those. And then we can talk about depositions, but you're free  
7 to take before June. You know, if you're ready for that, go for  
8 it. But otherwise, what I'd like to do to keep my hands on it  
9 is schedule you to come in let's say the second week in June.  
10 Let's take a look at our calendars.

11 (Pause.)

12 THE COURT: How does June 13 look for you?

13 MR. FEMAN: I'm just turning on my calendar briefly.

14 THE COURT: Okay.

15 MR. FRANKEL: Your Honor, that's a Jewish holiday of  
16 Shavuot.

17 THE COURT: The 15<sup>th</sup>?

18 MR. FRANKEL: The 15<sup>th</sup> if okay for me.

19 THE COURT: Does that work?

20 MR. FEMAN: That should work for Plaintiff.

21 THE COURT: Okay. So let's do this. Let's put you  
22 down. I'm going to so-order the Plaintiff's proposal for  
23 discovery at this point; put you down for a conference on June  
24 15 at 10:30; and what I would like you to do is on June 10,  
25 which is the Friday before, send me a joint status letter

Canon U.S.A. Inc. v. F & E Trading LLC et al - 2/25/16

19

1 letting me know exactly what you've done so far in the case;  
2 where you see discovery going; and what you need.

3 MR. FEMAN: Okay.

4 THE COURT: All right? So, we'll together until then.  
5 Anything else you need from me today?

6 MR. FEMAN: Not at this time.

7 THE COURT: Defendants?

8 MR. FRANKEL: I guess not at this time, Your Honor.

9 THE COURT: Okay. All right, thanks. I'll see you in  
10 June.

11 MR. FEMAN: Thank you, Your Honor.

12 - 000 -  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 CERTIFICATION  
2  
3

4 I, Rochelle V. Grant, certify that the foregoing is a  
5 correct transcript from the official electronic sound recording  
6 of the proceedings in the above-entitled matter.

7 Dated: March 10, 2016

8  
9  
10   
Rochelle V. Grant

11 AA Express Transcripts  
12 (888) 456-9716  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25